

CLOVERLAND ELECTRIC COOPERATIVE
REGULAR MEETING OF THE BOARD OF DIRECTORS
DETOUR, MI | DETOUR LIBRARY MULTIPURPOSE ROOM
JULY 23, 2018

Call to Order

A regular session of the board of directors of Cloverland Electric Cooperative was held on Monday, July 23, at 9:30am, at the Detour Public Library Multipurpose Room, Detour, Michigan.

Chairperson St. Onge called the meeting to order and led the board in the Pledge of Allegiance.

The board recited the Mission Statement.

Roll Call

Roll Call was taken, and the following directors were present: Chairperson St. Onge, Vice Chairperson Sawruk, Secretary/Treasurer Bonacci, Directors Monroe, Nettleton, Legault, Provo and LaLonde. President and CEO Dan Dasho and Cooperative Attorney Chuck Palmer were also present. Department Directors Roger Line, Brian Lavey, Todd Chapman, CFO Aaron Wallin and Detour Division Manager Mark Merchberger were also in attendance.

Agenda

Chairperson St. Onge asked for additions to the agenda. Attorney Chuck Palmer asked to move his report to the beginning of the agenda.

Chairperson St. Onge informed the board that they will be approving three separate sets of minutes.

A motion was made by Director LaLonde, supported by Director Provo to accept the agenda with the additions. All directors voted in favor and the motion passed unanimously.

Review and Approval of the 2017 Annual Meeting of the Board of Directors Minutes

A motion was made by Director Provo, supported by Director Monroe to accept the 2017 Annual Meeting of the Board of Directors minutes. All directors voted in favor and the motion passed unanimously.

Review and Approval of the Special Meeting of the Board Minutes, June 16, 2018

A motion was made by Vice Chairperson Sawruk, supported by Secretary/Treasurer Bonacci to accept the minutes of June 16, 2018 Special Meeting of the Board of Directors, a roll call vote was taken; Director LaLonde=yes, Director Legault=no, Director

Monroe-no, Director Nettleton-no, Director Oberle-yes, Director Provo-no, Director Sawruk-yes, Director St Onge-yes, Director Bonacci-yes. The motion passed.

Review and Approval of the June 2018 Regular Meeting of the Board of Directors

Vice Chairperson Sawruk asked that the following statement be added to the minutes; Director Sawruk noted that he requested the June meeting be postponed one week from original date, as newly elected Director Oberle would be out of town on business. When then Chairman Monroe denied his request, it became necessary to call the special organizational meeting to enable Director Oberle to attend.

Director Provo requested that it be added to his board concern that the special meeting of the board was held on Saturday, June 16 instead of the originally scheduled meeting on June 19.

A motion was made by Vice Chairperson Sawruk, supported by Director LaLonde to approve the minutes as amended. All directors voted in favor and the motion passed unanimously.

Public Comment

There was no public comment.

Board Concerns

Director LaLonde asked for a clarification as to what Director Nettleton meant when he stated that "you guys threw Director Litzner under the bus". Director Nettleton explained that when people have signs in their yard promoting other candidates, it's not right. Chairperson St. Onge stated that as part of this cooperative all members have the right to support who they want. Secretary/Treasurer Bonacci agreed with Chairperson St. Onge and said he had a right to vote for who he wanted. Director Oberle suggested moving forward on the development of an election policy.

A motion was made by Director Oberle, supported by Director Nettleton to begin working on an election policy to be completed by the 2019 director elections. A roll call vote was taken, all directors voted in favor and the motion passed unanimously.

Attorney's Report

Attorney Palmer distributed the Visitor's to Board Meeting Policy 111 to the board of directors.

A motion was made by Director Oberle, supported by Secretary/Treasurer Bonacci to adapt Policy 111 as presented. A roll call vote was taken, all directors voted in favor and the motion passed unanimously.

A motion was made by Director Oberle, supported by Secretary/Treasurer Bonacci that Policy 111 be in effect immediately. A roll call vote was taken, all directors voted in favor and the motion passed unanimously.

Attorney Palmer discussed some electrical theft issues and the ongoing loan extension process.

Director Provo asked that the board enter into a discussion regarding Policy 200 and 201 before Attorney Palmer had to leave the meeting. President Dasho then asked that CFO Aaron Wallin give his presentation to the board of directors. Director Oberle had to step out momentarily. Chairperson St. Onge called for a break.

Mr. Wallin gave his presentation as previously distributed to the board of directors.

A motion was made by Vice Chairperson Sawruk, supported by Director Oberle to break for lunch. All directors voted in favor and the motion passed unanimously.

President and CEO Report

President Dasho reviewed his report as previously presented to the board of directors. President Dasho updated the board on current changes with staff and on a current FERC issue.

The NRECA Regional meeting is in Columbus, OH, September 5-7. All directors are invited to attend.

The next meeting will be open to the public on Tuesday, August 28, 2018 in Sault Ste Marie, MI.

Financials, Power Marketing and PSCR

CFO Aaron Wallin discussed the ongoing SRM case. Mr. Wallin also discussed the June Financial Summary, Financials, Power Supply, and PSCR as previously presented to the board of directors.

A motion was made by Director Provo, supported by Secretary/Treasurer Bonacci to approve the proposed Carmeuse Contract for Drummond Island. A roll call vote was taken, all directors voted in favor and the motion passed unanimously.

A motion was made by Director LaLonde, supported by Director Nettleton to approve the proposed Carmeuse contract for Gulliver. A roll call vote was taken, all directors voted in favor and the motion passed unanimously.

A motion was made by Director Provo, supported by Director Oberle to approve the proposed Carmeuse contract for Cedarville. A roll call vote was taken, all directors voted in favor and the motion passed unanimously.

A motion was made by Director Oberle, supported by Secretary/Treasurer Bonacci to allow the CEO to sign the Carmeuse contracts. All directors voted in favor and the motion passed unanimously.

A motion was made by Vice Chairperson Sawruk, supported by Director LaLonde to approve the estate retirements in the amount of \$1,747.59. All directors voted in favor and the motion passed unanimously.

Consent Agendas

The board reviewed the consent agendas as previously presented to the board. The consent agendas include engineering, safety, operations, IT, member services and key accounts, and communication.

Department Director Brian Lavey discussed the engineering report.

Department Director Todd Chapman discussed the communication report. Mr. Chapman asked for volunteers for the Operation Round Up process. Mr. Chapman will call the board directors for their recommendation.

A motion was made by Director Oberle supported by Vice Chairperson Sawruk to table the two current donation requests and all upcoming donation requests until Operation Round Up is complete. A roll call vote was taken, Directors St. Onge, Sawruk, Bonacci, Provo, Monroe, Legault, Nettleton, and LaLonde voted against the motion, Director Oberle voted for the motion. The motion failed.

A motion was made by Director LaLonde, supported by Secretary/Treasurer Bonacci to table the Soo Theatre donation request until further information can be provided. Directors St. Onge, Sawruk, Bonacci, Provo, Monroe, Legault, Nettleton, LaLonde voted for the motion, Director Oberle voted against the motion. The motion passed.

A motion was made by Director LaLonde, supported by Vice Chairperson Sawruk to deny the donation request made by the Historic Society. All directors voted in favor and the motion passed unanimously.

Department Director Roger Line discussed the generation report.

Old Business

There was no old business.

New Business

Director Oberle read a provided Cloverland Electric Resolution to the board of directors. The Resolution read as follows:

CLOVERLAND ELECTRIC RESOLUTION # 2018-CEO-22-07

WHEREAS the Cloverland Electric Cooperative, President/CEO Daniel Dasho reports directly to the Board of Directors, and:

WHEREAS the Cloverland Electric Cooperative, Board of Directors is to act as Trustee of the Members' Interest, and;

WHEREAS, the Cloverland Electric Cooperative, Board of Directors does hereby announce it has lost all confidence in its President/CEO Daniel Dasho, and his ability to lead the organization, and;

NOW, THEREFORE LET IT BE RESOLVED; that the Cloverland Electric Cooperative Board of Directors does hereby terminate the employment of Daniel M Dasho, including all agreements and contracts entered into by the prior Cloverland Board of Directors and Daniel M. Dasho; as said agreements are not and never have been in the interest of the members of the Cloverland Electric Cooperative, and;

BE IT FURTHER RESOLVED; that Mr. Dasho is hereby ordered to surrender all Cloverland Electric Cooperative property, including but not limited to, building and office keys, computer, iPad, telephone, or other electronic devices; and his corporate credit card; also any item that is not in his possession will returned to the Cooperative at the time which is established for Mr. Dasho to collect his personal belongings from his former office, and;

BE IT FURTHER RESOLVED; that no employee of the Cloverland Electric Cooperative will issue payment of any kind to Daniel Dasho for any financial claims, after this date; without a fully legal, and complete release of claims executed by Mr. Dasho on file with the cooperative administration, and;

BE IT FURTHER RESOLVED; that the Cloverland Board of Directors does hereby bar Daniel Dasho from all business locations of the Cloverland Electric Cooperative for all purposes other than to pay his electric utility bill on a monthly basis, employees of the Cooperative are responsible to report Daniel Dasho to local law enforcement for trespassing if he is found on property and;

AND BE IT FURTHER RESOLVED; that Mr. Dasho may under the supervision of Management staff and a member of the Board of Directors Executive committee have not more than 90 minutes to collect only his personal items from his office work area by appointment during normal business hours. Under no circumstances may Daniel Dasho be unaccompanied inside a Cloverland Owned building. All corporation property must remain on site (e.g. files, photographs, maps, plans, data-electronic or otherwise). The HR, IT and other Senior Managers shall insure the integrity of the cooperative's records during the transition.

A motion was made by Director Oberle, supported by Director LaLonde to enter into executive session at 2:46pm.

The board returned to the regular session of the board.

Director Monroe wanted it noted that he is very much against this proposed resolution, calling it a "railroad job". Director Nettleton is 100 percent with Director Monroe. Director Provo requested it noted that, "this is a lose-lose resolution. Dan loses, this board loses, the members lose along with a large financial loss. No one wins with this resolution. I just don't know what's going to happen to the coop." Vice Chairperson Sawruk stated that the cooperative is bigger than any one person and would go on.

A motion was made by Director Oberle, supported by Secretary/Treasurer Bonacci to adopt Cloverland Electric Resolution #2018-CEO-22-07. A roll call vote was taken; Director Bonacci-yes, Director LaLonde-yes, Director Legault-no, Director Monroe-no, Director Nettleton-no, Director Oberle-yes, Director Provo-no, Director Sawruk-yes, Director St. Onge-yes. The motion passed.

Director Monroe stated that he will vote against this process, not against Mr. Wallin directly.

A motion was made by Director Oberle, supported by Vice Chairperson Sawruk that Interim, short term CEO be Aaron Wallin. A roll call vote was taken; Director Bonacci-yes, Director LaLonde-yes, Director Legault-no, Director Monroe-no, Director Nettleton-no, Director Oberle-yes, Director Provo-no, Director Sawruk-yes, Director St. Onge-yes. The motion passed.

Chairperson St. Onge requested that Mr. Chapman send an email to all employees that Aaron Wallin is now short term, interim President and CEO and has the full support of the board of directors.

A motion was made by Director Sawruk, supported by Director Bonacci to remove Chuck Palmer as Cloverland attorney. A roll call vote was taken; Director Bonacci-yes, Director LaLonde-yes, Director Legault-no, Director Monroe-no, Director Nettleton-no, Director Oberle-yes, Director Provo-no, Director Sawruk-yes, Director St. Onge-yes. The motion passed.

A motion was made by Director Bonacci, supported by Director Oberle to appoint Leanne Barnes Deuman as interim attorney. A roll call vote was taken, Director Bonacci-yes, Director LaLonde-yes, Director Legault-no, Director Monroe-no, Director Nettleton-no, Director Oberle-yes, Director Provo-no, Director Sawruk-yes, Director St. Onge-yes. The motion passed.

Vision Statement

The board recited the Vision Statement.

Adjournment

A motion was made by Director Oberle, supported by Director Sawruk to adjourn the Regular Meeting of the Board of Directors. All directors voted in favor and the motion passed.



Secretary/ Treasurer